

# North Dakota REV-E-NEWS

**From Rod Backman, Director  
Office of Management and Budget  
600 E. Blvd. Ave. , Dept 110 - Bismarck, ND 58505-0400**

June 30 marked the end of the 1997-99 biennium. As a result of very strong revenue collections in June, the biennium ended with \$7.1 million more than was anticipated in the revised March 1999 legislative revenue forecast. This excess can be attributed to very strong corporate income tax collections in the last few months. OMB is still in the process of verifying turnback, therefore, we won't arrive at the final general fund ending balance until later in August.

Revenue collections in the 1997-99 biennium exceeded those of the 1995-97 biennium by \$102 million. When transfers to the general fund are excluded from both bienniums, revenues for the 1997-99 biennium exceeded those of the 1995-97

biennium by \$122 million, which amounts to an annual growth rate for tax collections of approximately 4.7 percent.

## **Transfers to the General Fund**

The North Dakota Mill and Elevator transferred \$3 million to the general fund in June. This transfer represents the State Mill and Elevator's entire obligation for the 1997-99 biennium.

Also in June, the Land Department transferred \$3 million from the Land and Minerals Trust Fund to the general fund. In June 1998, \$2.5 million was transferred to the general fund, resulting in total transfers from the Land and Minerals Trust Fund to the general fund of \$5.5

## **Oil Activity**

Preliminary oil production estimates for June indicate 91,072 barrels per day. At the current price of oil, the Oil and Gas Division of the Industrial Commission expects production to remain between 90,000 to 95,000 barrels

of oil per day.

North Dakota now has 5 drilling rigs compared to 17 one year ago. The current price of oil is approximately \$17 per barrel.

## **GFOA Certificate of Achievement**

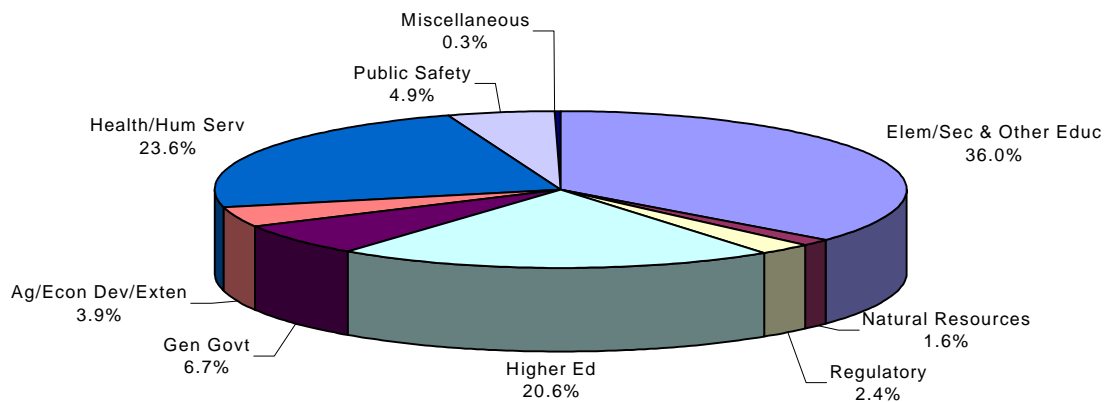
The Certificate of Achievement for Excellence in Financial Reporting has been awarded to the Office of Management and Budget by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR). The Certificate of Achievement is the

highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. This is the eighth year in a row the State of North Dakota has received this award.

# 1997-99 Expenditures

General fund appropriated expenditures during the 1997-99 biennium totaled \$1.485 billion. The pie chart below depicts how those general fund dollars were spent during the biennium. \$727.7 million was spent in the first year of the biennium and \$757.7 million was spent in the second year of the biennium.

## General Fund Expenditures \$1.485 Billion



## Direct Deposit of Travel Reimbursements

State employees, including state legislators, may now opt to have travel expense reimbursements paid through direct deposit (ACH). The following are the requirements for direct deposit of travel reimbursements:



- An authorization form must be signed; you may get the form from your payroll clerk.
- Your payroll must be paid via ACH.

- Travel reimbursements must go to the same financial institution and account as your payroll check.
- Travel reimbursements will be processed throughout the month and will be paid immediately except for those items required to be paid through the payroll system, such as moving expenses and reportable/taxable meals. Those items will be paid on the next payroll cycle.

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
**1997-99 BIENNIUM**  
**JUNE, 1999**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	Apr-97 Legislative Forecast	Actual	Variance	Percent	Apr-97 Legislative Forecast	Actual	Variance	Percent
Sales Tax	\$ 33,146,000.00	\$ 34,620,310.24	1,474,310.24	4.4%	\$ 574,890,000.00	\$ 569,501,827.25	(5,388,172.75)	-0.9%
Motor Vehicle Excise Tax	4,606,740.00	4,911,571.17	304,831.17	6.6%	99,702,000.00	94,863,089.02	(4,838,910.98)	-4.9%
Individual Income Tax	8,438,300.00	9,686,144.46	1,247,844.46	14.8%	331,625,000.00	358,287,824.90	26,662,824.90	8.0%
Corporate Income Tax	7,787,700.00	13,087,367.87	5,299,667.87	68.1%	90,990,000.00	123,420,218.73	32,430,218.73	35.6%
Insurance Premium Tax	1,000,000.00	2,382,609.04	1,382,609.04	138.3%	33,840,000.00	33,133,215.92	(706,784.08)	-2.1%
Business Priv./Financial Inst. Tax	532,000.00	(7,984.00)	(539,984.00)	-101.5%	4,000,000.00	6,494,162.25	2,494,162.25	62.4%
Oil & Gas Production Tax	2,031,630.00	1,679,726.85	(351,903.15)	-17.3%	35,313,730.00	26,973,612.66	(8,340,117.34)	-23.6%
Gaming Tax	13,000.00	546,848.74	533,848.74	4106.5%	22,625,000.00	22,801,867.84	176,867.84	0.8%
Interest Income	2,794,000.00	2,927,591.96	133,591.96	4.8%	15,356,000.00	19,013,888.95	3,657,888.95	23.8%
Oil Extraction Tax	1,022,490.00	828,767.60	(193,722.40)	-18.9%	23,426,000.00	16,703,113.71	(6,722,886.29)	-28.7%
Cigarette and Tobacco Tax	2,051,100.00	1,762,702.40	(288,397.60)	-14.1%	45,490,000.00	44,091,169.68	(1,398,830.32)	-3.1%
Departmental Collections	1,487,725.00	1,682,172.59	194,447.59	13.1%	27,437,725.00	32,997,069.19	5,559,344.19	20.3%
Wholesale Liquor Tax	459,117.00	1,021,857.30	562,740.30	122.6%	10,594,971.00	11,140,328.15	545,357.15	5.1%
Coal Severance Tax	787,640.00	833,211.84	45,571.84	5.8%	22,311,000.00	22,596,137.08	285,137.08	1.3%
Coal Conversion Tax	833,350.00	903,289.98	69,939.98	8.4%	23,871,000.00	23,786,790.46	(84,209.54)	-0.4%
Mineral Leasing Fees	200,000.00	219,548.85	19,548.85	9.8%	4,800,000.00	7,257,988.64	2,457,988.64	51.2%
Bank of North Dakota - Transfer					29,600,000.00	29,600,000.00	0.00	0.0%
State Mill and Elevator - Transfer	3,000,000.00	3,000,000.00			3,000,000.00	3,000,000.00		
Gas Tax Admin. - Transfer					1,128,872.00	1,128,872.00	0.00	0.0%
Other Transfers	3,000,000.00	3,153,683.38	153,683.38	100.0%	35,094,725.00	36,713,873.28	1,619,148.28	4.6%
<b>Total Revenues and Transfers</b>	<b>73,190,792.00</b>	<b>83,239,420.27</b>	<b>10,048,628.27</b>	<b>12.1%</b>	<b>1,435,096,023.00</b>	<b>1,483,505,049.71</b>	<b>48,409,026.71</b>	<b>3.4%</b>

# REVISED LEGISLATIVE FORECAST

## STATEMENT OF GENERAL FUND REVENUES AND FORECASTS 1997-99 BIENNIUM JUNE, 1999

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	1999 Revised Legislative Forecast	Actual	Variance	Percent	1999 Revised Legislative Forecast	Actual	Variance	Percent
Sales Tax	\$ 32,331,000.00	\$ 34,620,310.24	2,289,310.24	7.1%	570,196,221.00	\$ 569,501,827.25	(694,393.75)	-0.1%
Motor Vehicle Excise Tax	3,917,000.00	4,911,571.17	994,571.17	25.4%	94,482,643.00	94,863,089.02	380,446.02	0.4%
Individual Income Tax	10,855,000.00	9,686,144.46	(1,168,855.54)	-10.8%	359,779,716.00	358,287,824.90	(1,491,891.10)	-0.4%
Corporate Income Tax	9,454,000.00	13,087,367.87	3,633,367.87	38.4%	115,662,025.00	123,420,218.73	7,758,193.73	6.7%
Insurance Premium Tax	2,500,000.00	2,382,609.04	(117,390.96)	-4.7%	34,282,025.00	33,133,215.92	(1,148,809.08)	-3.4%
Business Priv./Financial Inst.Tax	475,000.00	(7,984.00)	(482,984.00)	-101.7%	5,596,325.00	6,494,162.25	897,837.25	16.0%
Oil & Gas Production Tax	1,080,000.00	1,679,726.85	599,726.85	55.5%	25,981,940.00	26,973,612.66	991,672.66	3.8%
Gaming Tax	30,000.00	546,848.74	516,848.74	1722.8%	22,669,000.00	22,801,867.84	132,867.84	0.6%
Interest Income	2,493,000.00	2,927,591.96	434,591.96	17.4%	18,375,000.00	19,013,888.95	638,888.95	3.5%
Oil Extraction Tax	646,000.00	828,767.60	182,767.60	28.3%	16,294,218.00	16,703,113.71	408,895.71	2.5%
Cigarette and Tobacco Tax	1,905,000.00	1,762,702.40	(142,297.60)	-7.5%	44,849,602.00	44,091,169.68	(758,432.32)	-1.7%
Departmental Collections	1,721,089.00	1,682,172.59	(38,916.41)	-2.3%	33,798,432.00	32,997,069.19	(801,362.81)	-2.4%
Wholesale Liquor Tax	458,465.00	1,021,857.30	563,392.30	122.9%	10,480,669.00	11,140,328.15	659,659.15	6.3%
Coal Severance Tax	659,000.00	833,211.84	174,211.84	26.4%	22,438,648.00	22,596,137.08	157,489.08	0.7%
Coal Conversion Tax	1,183,000.00	903,289.98	(279,710.02)	-23.6%	23,833,623.00	23,786,790.46	(46,832.54)	-0.2%
Mineral Leasing Fees	200,000.00	219,548.85	19,548.85	9.8%	7,357,000.00	7,257,988.64	(99,011.36)	-1.3%
Bank of North Dakota - Transfer					29,600,000.00	29,600,000.00	0.00	0.0%
State Mill and Elevator - Transfer	3,000,000.00	3,000,000.00			3,000,000.00	3,000,000.00		
Gas Tax Admin. - Transfer					1,128,872.00	1,128,872.00	0.00	0.0%
Other Transfers	3,000,000.00	3,153,683.38	153,683.38	100.0%	36,560,081.00	36,713,873.28	153,792.28	0.4%
<b>Total Revenues and Transfers</b>	<b>75,907,554.00</b>	<b>83,239,420.27</b>	<b>7,331,866.27</b>	<b>8.8%</b>	<b>1,476,366,040.00</b>	<b>1,483,505,049.71</b>	<b>7,139,009.71</b>	<b>0.5%</b>

**COMPARISON TO PREVIOUS BIENNIUM REVENUES**  
**1997-99 BIENNIUM**  
**JUNE, 1999**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	June, 1997	June, 1999	Variance	Percent	1997	1999	Variance	Percent
Sales Tax	\$ 27,368,476.30	\$ 34,620,310.24	\$ 7,251,833.94	26.5%	\$ 517,328,105.37	\$ 569,501,827.25	\$ 52,173,721.88	10.1%
Motor Vehicle Excise Tax	5,044,566.86	4,911,571.17	(132,995.69)	-2.6%	88,142,913.12	94,863,089.02	6,720,175.90	7.6%
Individual Income Tax	12,535,798.27	9,686,144.46	(2,849,653.81)	-22.7%	315,516,252.12	358,287,824.90	42,771,572.78	13.6%
Corporate Income Tax	10,144,651.78	13,087,367.87	2,942,716.09	29.0%	99,347,937.22	123,420,218.73	24,072,281.51	24.2%
Insurance Premium Tax	847,556.01	2,382,609.04	1,535,053.03	181.1%	36,968,670.33	33,133,215.92	(3,835,454.41)	-10.4%
Business Privilege Tax	763,401.62	(7,984.00)	(771,385.62)	910.6%	3,854,131.93	6,494,162.25	2,640,030.32	68.5%
Oil & Gas Production Tax	1,904,498.38	1,679,726.85	(224,771.53)	-11.8%	33,042,319.69	26,973,612.66	(6,068,707.03)	-18.4%
Gaming Tax	237,698.82	546,848.74	309,149.92	130.1%	22,848,486.03	22,801,867.84	(46,618.19)	-0.2%
Interest Income	3,072,305.90	2,927,591.96	(144,713.94)	-4.7%	15,554,913.92	19,013,888.95	3,458,975.03	22.2%
Oil Extraction Tax	881,090.57	828,767.60	(52,322.97)	-5.9%	21,987,654.58	16,703,113.71	(5,284,540.87)	-24.0%
Cigarette and Tobacco Tax	1,985,389.99	1,762,702.40	(222,687.59)	-11.2%	45,030,089.91	44,091,169.68	(938,920.23)	-2.1%
Departmental Collections	1,707,942.11	1,682,172.59	(25,769.52)	-1.5%	28,737,206.92	32,997,069.19	4,259,862.27	14.8%
Wholesale Liquor Tax	428,405.23	1,021,857.30	593,452.07	138.5%	10,339,078.43	11,140,328.15	801,249.72	7.7%
Coal Severance Tax	938,043.81	833,211.84	(104,831.97)	-11.2%	22,245,266.83	22,596,137.08	350,870.25	1.6%
Coal Conversion Tax	915,704.30	903,289.98	(12,414.32)	-1.4%	24,064,781.34	23,786,790.46	(277,990.88)	-1.2%
Mineral Leasing Fees	335,866.58	219,548.85	(116,317.73)	-34.6%	5,629,526.43	7,257,988.64	1,628,462.21	28.9%
Bank of North Dakota - Transfer	214,540.00		(214,540.00)	0.0%	50,214,540.00	29,600,000.00	(20,614,540.00)	-41.1%
State Mill and Elevator - Transfer	1,000,000.00	3,000,000.00	2,000,000.00	200.0%	1,000,000.00	3,000,000.00	2,000,000.00	200.0%
Gas Tax Admin. - Transfer					1,071,878.00	1,128,872.00	56,994.00	5.3%
Other Transfers	3,501,586.84	3,153,683.38	(347,903.46)	100.0%	38,445,224.08	36,713,873.28	(1,731,350.80)	-4.5%
<b>TOTAL REVENUES AND TRANSFERS</b>	<b>\$ 73,827,523.37</b>	<b>\$ 83,239,420.27</b>	<b>\$ 9,411,896.90</b>	<b>12.7%</b>	<b>\$ 1,381,368,976.25</b>	<b>\$ 1,483,505,049.71</b>	<b>\$ 102,136,073.46</b>	<b>7.4%</b>

# Revenue Variances

Sales tax collections in June were very strong, making up the shortfalls in the last few months that were due primarily to timing. June collections exceeded projections for the month by \$2.2 million or 7.1 percent. Biennium-to-date collections fell below the revised projections by \$694,393 or 0.1 percent.

Revenue collections for motor vehicle excise tax collections were also very strong in June, exceeding the forecast by nearly \$1 million. Biennium-to-date collections exceeded the revised revenue forecast by \$380,446.

Individual income tax collections fell below the monthly projection by \$1.1 million or 10.8 percent. Biennium-to-date collections were \$1.4 million or 0.4 percent below the revised forecast.

Again corporate income tax collections were extremely strong, exceeding the monthly projection by \$3.6 million or 38.4 percent. Audit collections and strong estimated payments account for this variance. As a result of strong collections over the last few months, the biennium ended with cor-

porate income tax collections exceeding projections by \$7.7 million or 6.7 percent over the revised projections.

Now that oil prices have rebounded, oil and gas production tax collections exceeded the monthly projection by \$599,726 or 55.5 percent while collections for oil extraction tax exceeded monthly projections by \$182,767 or 28.3 percent. Biennium-to-date collections for both oil taxes combined exceeded projections by \$1.4 million.

## Comments or Questions???

Call Rod Backman, Director  
Pam Sharp, Deputy Director  
Office of Management and Budget  
600 East Boulevard Ave, Dept 110  
Bismarck, ND 58505-0400  
Phone: 701-328-4904  
Fax : 701-328-3230  
E-mail : [sfrankli@state.nd.us](mailto:sfrankli@state.nd.us)

Office of Management and Budget  
600 East Boulevard Ave., Dept 110  
Bismarck, ND 58505-0400

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